

**TRANSMITTAL OF FINANCIAL REPORTS AND  
CERTIFICATION OF COMPLIANCE WITH  
UNITED STATES TRUSTEE OPERATING REQUIREMENTS FOR  
THE PERIOD ENDED:  
May 31, 2019**

**IN RE:** : **CASE NO.:** 19-40267-jpg  
California Palms, LLC : **Chapter 11** : **Judge:** John P. Gustafson  
\_\_\_\_\_  
**Debtor** :  
\_\_\_\_\_

As debtor in possession, I affirm:

1. That I have reviewed the financial statements attached hereto, consisting of:

<u>XX</u>	Operating Statement	(Form 2)
<u>XX</u>	Balance Sheet	(Form 3)
<u>XX</u>	Summary of Operations	(Form 4)
<u>XX</u>	Monthly Cash Statement	(Form 5)
<u>XX</u>	Statement of Compensation	(Form 6)
<u>XX</u>	Schedule of In-Force Insurance	(Form 7)

and that they have been prepared in accordance with normal and customary accounting practices, and fairly and accurately reflect the debtor's financial activity for the period stated;

2. That the insurance, including workers' compensation and unemployment insurance, as described in Section 4 of the Reporting Requirements For Chapter 11 Cases is in effect; and, (If not, attach a written explanation) **YES** XX **NO** \_\_\_\_\_

3. That all postpetition taxes as described in Sections 1 and 14 of the Operating Instructions and Reporting Requirements For Chapter 11 cases are current. (If not, attach a written explanation) **YES** XX **NO** \_\_\_\_\_

4. No professional fees (attorney, accountant, etc.) have been paid without specific court authorization. (If not, attach a written explanation) **YES** XX **NO** \_\_\_\_\_

5. All United States Trustee Quarterly fees have been paid and are current. **YES** XX **NO** \_\_\_\_\_

6. Have you filed your prepetition tax returns. (If not, attach a written explanation) **YES** \_\_\_\_\_ **NO** XX \_\_\_\_\_

I hereby certify, under penalty of perjury, that the information provided above and in the attached documents is true and correct to the best of my information and belief.

**Dated:** 6-12-2019

*Sebastian Rucci*  
\_\_\_\_\_  
**Debtor in Possession, by**  
**Name:** California Palms, LLC  
\_\_\_\_\_  
**Title:** Managing Member  
\_\_\_\_\_  
**Phone:** 800-262-3742

**OPERATING STATEMENT (P&L)**

**Period Ending:**  
May 31, 2019

**Case No:** 19-40267-jpg

	<b>Current Month</b>	<b>Total Since Filing</b>
Total Revenue/Sales		
Cost of Sales		
	50,000	200,000
<b>GROSS PROFIT</b>	<b>50,000</b>	<b>200,000</b>
<b>EXPENSES:</b>		
Officer Compensation	0	0
Salary Expenses other Employees	0	0
Employee Benefits & Pensions	0	0
Payroll Taxes	0	0
Other Taxes	28,700	28,700
Rent and Lease Expense	0	0
Interest Expense	0	0
Insurance	0	0
Automobile and Truck Expense	0	0
Utilities (gas, electric, phone)	0	0
Depreciation	0	0
Travel and Entertainment	0	0
Repairs and Maintenance	0	0
Advertising	0	0
Supplies, Office Expense, etc.	0	0
Other Specify	0	0
Other Specify	0	0
<b>TOTAL EXPENSES:</b>	<b>28,700</b>	<b>28,700</b>
<b>NET OPERATING PROFIT/(LOSS)</b>	<b>21,300</b>	<b>171,300</b>
Add: Non-Operating Income:		
Interest Income	0	0
Other Income	0	0
Less: Non-Operating Expenses:		
Professional Fees	0	0
Other	10,000	20,000
<b>NET INCOME/(LOSS)</b>	<b>11,300</b>	<b>151,300</b>

**BALANCE SHEET**  
**Period Ending:**  
**May 31, 2019**

**Case No:** 19-40267-jpg

	<u>Current Month</u>	<u>Prior Month</u>	<u>At Filing</u>
<b>ASSETS:</b>	0	0	0
Cash:	0	0	0
Inventory:	0	0	0
Accounts Receivable:	50,000	50,000	450,000
Insider Receivables	0	0	0
Land and Buildings:	0	0	9,000,000
Furniture, Fixtures & Equip:	0	0	500,000
Accumulated Depreciation:	0	0	0
Other:			
Other:			
<b>TOTAL ASSETS:</b>	<u>50,000</u>	<u>50,000</u>	<u>9,950,000</u>
<b>LIABILITIES:</b>	0	0	0
Postpetition Liabilities:	0	0	0
Accounts Payable:	10,000	10,000	0
Rent and Lease Payable:	0	0	0
Wages and Salaries:	0	0	0
Taxes Payable:	28,700	0	0
Other:	0	0	0
<b>TOTAL Postpetition Liab.</b>	<u>38,700</u>	<u>10,000</u>	<u>0</u>
Secured Liabilities:	40,000	40,000	3,700,000
Subject to Postpetition Collateral or Financing Order	0	0	0
All Other Secured Liab.	0	0	0
0	0	0	0
<b>TOTAL Secured Liab.</b>	<u>40,000</u>	<u>40,000</u>	<u>3,700,000</u>
Prepetition Liabilities:	0	0	100,000
Taxes & Other Priority Liab.	0	0	0
Unsecured Liabilities:	0	0	0
Other:	0	0	0
<b>TOTAL Prepetition Liab.</b>	<u>0</u>	<u>0</u>	<u>100,000</u>
Equity:	0	0	150,000
Owners Capital:	0	0	6,000,000
Retained Earnings-Pre Pet.	0	0	0
Retained Earnings-Post Pet.	-28,700	0	0
<b>TOTAL Equity:</b>	<u>0</u>	<u>0</u>	<u>6,150,000</u>
<b>TOTAL LIABILITIES AND EQUITY:</b>	<u>50,000</u>	<u>50,000</u>	<u>9,950,000</u>

**SUMMARY OF PAYABLES AND RECEIVABLES**

**Period Ended:**  
**May 31, 2019**

**Case No:** 19-40267-jpg

**Schedule of Postpetition Taxes Payable**

	<u>Beginning Balance</u>	<u>Accrued/ Withheld</u>	<u>Payments/ Deposits</u>	<u>Ending Balance</u>
<b>Income Taxes Withheld:</b>	0	0	0	0
<b>Federal:</b>	0	0	0	0
<b>State:</b>	0	0	0	0
<b>Local:</b>	0	0	0	0
<b>FICA Withheld:</b>	0	0	0	0
<b>Employers FICA:</b>	0	0	0	0
<b>Unemployment Tax:</b>	0	0	0	0
<b>Federal:</b>	0	0	0	0
<b>State:</b>	0	0	0	0
<b>Sales, Use &amp; Excise Taxes:</b>	0	0	0	0
<b>Property Taxes:</b>	0	0	0	0
<b>Workers' Compensation</b>				
<b>Other:</b>	0	0	0	0
<b>TOTALS:</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

**AGING OF ACCOUNTS RECEIVABLE  
AND POSTPETITION ACCOUNTS PAYABLE**

<b>Age in Days</b>	<b>0-30</b>	<b>30-60</b>	<b>Over 60</b>
Post Petition Accounts Payable	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
Accounts Receivable	<u>50,000</u>	<u>50,000</u>	<u>500,000</u>

For all postpetition accounts payable over 30 days old, please attach a sheet listing each such account, to whom the account is owed, the date the account was opened, and the reason for non-payment of the account.

Describe events or factors occurring during this reporting period materially affecting operations and formulation of a Plan of Reorganization:

CaliParc and California Palms, Inc. secured loan to buy building and pay Pender.  
loan went through underwriting, committee approval, appraisal and environmental review

---



---

**MONTHLY CASH STATEMENT**

**Period Ending:**  
May 31, 2019

**Cash Activity Analysis (Cash Basis Only):****Case No:** 19-40267-jpg

	<u>General Acct.</u>	<u>Payroll Acct.</u>	<u>Tax Acct.</u>	<u>Cash Coll. Acct.</u>	<u>Petty Cash Acct.</u>
A. Beginning Balance	400	0	0	0	0
B. Receipts (Attach separate schedule)	0	0	0	0	0
C. Balance Available (A + B)	400	0	0	0	0
D. Less Disbursements (Attach separate schedule)	325	0	0	0	0
E. ENDING BALANCE (C - D)	75	0	0	0	0

**(PLEASE ATTACH COPIES OF MOST RECENT RECONCILED BANK STATEMENTS FROM EACH ACCOUNT)****General Account:**

1. Depository Name & Location      Huntington Bank  
 2. Account Number (last 4 digits only)      #5032

**Payroll Account:**

1. Depository Name & Location      \_\_\_\_\_  
 2. Account Number (last 4 digits only)      \_\_\_\_\_

**Tax Account:**

1. Depository Name & Location      \_\_\_\_\_  
 2. Account Number (last 4 digits only)      \_\_\_\_\_

**Other monies on hand (specify type and location) i.e., CD's, bonds, etc.):**Date: 6-12-2019*Sebastian Rucci*Debtor in Possession

**CASH REPORT**  
(BASED UPON A CONSOLIDATED ACCOUNTING OF ALL D-I-P ACCOUNTS)

CASE NAME: California Palms, LLC  
CASE NUMBER: 19-40267-jpg  
MONTH AND YEAR: May 31, 2019

Beginning cash balance (i.e. ending balance from previous report)	\$ <u>200</u>
Add: All receipts for the month. Do not include transfers between accounts.	\$ <u>200</u>
Deduct: All disbursements for the month. Do not include transfers between accounts.	\$ <u>325</u>
Net cash flow (receipts minus disbursements)	\$ <u>75</u>
Ending cash balance (i.e. next month's beginning cash balance)	\$ <u>75</u>

=====

**REPORT OF UNPAID DELINQUENT POST PETITION TAXES**

List all unpaid tax obligations which have accrued after the date of the filing of the Chapter 11 petition obligations) which are now due and owing (i.e. delinquent), but have, in fact, not been timely paid.  
**Do not list any prepetition tax obligations.**

TAXING AUTHORITY	TYPE TAX	TAX PERIOD	DUUE DATE	AMOUNT
<u>Maho. County</u>	<u>R/E prop Tax</u>	<u>1st half 2019</u>	<u>6-20-2019</u>	<u>\$28,700</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

**MONTHLY STATEMENT OF INSIDER COMPENSATION/PAYMENTS**

Period Ending:

May 31, 2019

Case No: 19-40267-jpg

The following information is to be provided for each shareholder, officer, director, manager, insider, or owner that is employed by the debtor in possession.  
Attach additional pages if necessary.

Name: Sebastian RucciCapacity: Shareholder  
XX Officer  
           Director  
           InsiderDetailed Description of Duties: Manage all company business

Current Compensation Paid:	Weekly	or	Monthly
	<u>      </u>		<u>0</u>

Current Benefits Paid:	Weekly	or	Monthly
Health Insurance	<u>      </u>		<u>0</u>
Life Insurance	<u>      </u>		<u>0</u>
Retirement	<u>      </u>		<u>0</u>
Company Vehicle	<u>      </u>		<u>0</u>
Entertainment	<u>      </u>		<u>0</u>
Travel	<u>      </u>		<u>0</u>
Other Benefits	<u>      </u>		<u>0</u>
Total Benefits	<u>      </u>		<u>0</u>

Current Other Payments Paid:	Weekly	or	Monthly
Rent Paid	<u>      </u>		<u>0</u>
Loans	<u>      </u>		<u>0</u>
Other (Describe)	<u>      </u>		<u>0</u>
Other (Describe)	<u>      </u>		<u>0</u>
Other (Describe)	<u>      </u>		<u>0</u>
Total Other Payments	<u>      </u>		<u>0</u>

CURRENT TOTAL OF ALL PAYMENTS:	Weekly	or	Monthly
	<u>      </u>		<u>0</u>

Dated: 6-12-19  
Principal, Officer, Director, or Insider

## SCHEDULE OF IN-FORCE INSURANCE

**Period Ending:** May 31, 2019

**Case Name:** California Palms, LLC

**Case No:** 19-40267-jpg